

Housing Authority of the Town of Cottonport

Cottonport, Louisiana

**General Purpose Financial Statements and
Independent Auditor's Reports
As of and for the Year Ended June 30, 2002
With Supplemental Information Schedules**

**WILLIAM DANIEL McCASKILL, CPA
A PROFESSIONAL ACCOUNTING CORPORATION**

**5150 Highway 22, Suite C-14
MANDEVILLE, LOUISIANA 70471**

HOUSING AUTHORITY OF THE TOWN OF COTTONPORT

Cottonport, Louisiana

General Purpose Financial Statements

As of and for the Fiscal Year Ended June 30, 2002

With Supplemental Information Schedules

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William Daniel McCaskill, CPA

A Professional Accounting Corporation

5150 Highway 22, Suite C-14

Mandeville, Louisiana 70471

Telephone 985-845-7772

Fax 985-845-1313

E-mail danny@cpaandco.com

Member of

Louisiana Society of CPA's

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the Town of Cottonport
Cottonport, Louisiana

I have audited the accompanying general-purpose financial statements of the Housing Authority of the Town of Cottonport as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the authority's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of the Louisiana Governmental Audit Guide. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly in all material respects, the financial position of the Housing Authority of the Town of Cottonport as of June 30, 2002, and the results of its operations and the cash flows of its propriety fund types for the year ended in conformity with U.S. generally accepted accounting principles.

Housing Authority of the Town of Cottonport
Cottonport, Louisiana
Independent Auditor's Report, 2002
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In accordance with Government Auditing Standards, I have also issued a report dated November 21, 2002 on my consideration of the authority's internal control over financial reporting and my tests of its compliance with certain laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

My audit was conducted for the purpose of forming an opinion on the general-purpose financial statements of the authority taken as a whole. The accompanying Schedule of Expenditures of Federal Awards, required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non Profit Organizations, is presented for purposes of additional analysis, and is not a required part of the general purpose financial statements. The accompanying Financial Data Schedule, required by HUD, is presented for purposes of additional analysis, and is not a required part of the general-purpose financial statements. The accompanying combining schedules are presented for the purpose of additional analysis and are not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements and any other included supplementary information taken as a whole.

William Daniel McCaskill, CPA
A Professional Accounting Corporation

November 21, 2002

Housing Authority of the Town of Cottonport
Cottonport, Louisiana
Proprietary Fund Type - Enterprise Funds
Combined Balance Sheet
As of June 30, 2002

Exhibit A

Assets

Current Assets:	
Cash and Cash Equivalents	\$ 120,775
Cash - Tenant Security Deposits	5,240
Accounts Receivable - HUD Other Projects	3,514
Accounts Receivable - Miscellaneous	20
Accounts Receivable - Tenants Dwelling Rents	71
Allowance for Doubtful Accounts - Dwelling Rents	(7)
Allowance for Doubtful Accounts - Other	(1)
Prepaid Expenses and Other Assets	10,340
Inventories	15,300
Allowance for Obsolete Inventories	(1)
Total Current Assets	<u>\$ 155,251</u>
Fixed Assets, Net of Accumulated Depreciation:	
Land	\$ 40,290
Buildings	2,446,089
Furniture, Equipment & Machinery - Dwellings	59,797
Furniture, Equipment & Machinery - Administration	22,529
Leasehold Improvements	284,829
Accumulated Depreciation	(1,829,321)
Construction In Progress	161,266
Total Fixed Assets, Net of Accumulated Depreciation	<u>\$ 1,185,479</u>
Total Assets	<u><u>\$ 1,340,730</u></u>

Liabilities and Equity

Current Liabilities (payable from current assets):	
Accounts Payable	\$ 5,834
Accrued Wages and Payroll Taxes Payable	39
Accrued Compensated Absences - Current	3,329
Total Current Liabilities (payable from current assets)	<u>\$ 9,202</u>
Current Liabilities (payable from restricted assets):	
Tenant Security Deposits	<u>\$ 5,240</u>
Total Liabilities	<u>\$ 14,442</u>
Equity:	
Contributed Capital	\$ 1,147,574
Retained Earnings (Deficit)	178,714
Total Equity	<u>\$ 1,326,288</u>
Total Liabilities and Equity	<u><u>\$ 1,340,730</u></u>

The accompanying notes are an integral part of these financial statements.

-

Housing Authority of the Town of Cottonport
Cottonport, Louisiana
Proprietary Fund Type - Enterprise Funds - Combined Statement of
Revenue, Expenses, and Changes in Retained Earnings
For Fiscal Year Ended June 30, 2002

Exhibit B

Operating Revenues:	
Net Tenant Rental Revenue	\$ 61,637
Other Revenue	3,690
Total Operating Revenues	<u>\$ 65,327</u>
Operating Expenses:	
Administrative Expenses	\$ 70,377
General Expenses	24,427
Ordinary Maintenance & Operation	57,136
Tenant Services	2,263
Utilities	3,029
Depreciation Expense	125,041
Total Operating Expenses	<u>\$ 282,273</u>
Operating Income (Loss)	<u>\$ (216,946)</u>
Non-operating Revenues (Expenses)	
Federal Grants	\$ 259,014
Investment Income	2,490
Total Non-operating Revenues (Expenses)	<u>\$ 261,504</u>
Income (Loss) Before Operating Transfers	<u>\$ 44,558</u>
Operating Transfers In (Out)	
Operating Transfers In	22,943
Operating Transfers Out	(22,943)
Total Operating Transfers In (Out)	<u>-</u>
Net Income (Loss)	\$ 44,558
Add depreciation on fixed assets acquired by grants, entitlements, and shared revenues externally restricted for capital acquisitions and construction that reduces contributed capital	<u>-</u>
Increase (Decrease) in Retained Earnings	\$ 44,558
Retained Earnings at Beginning of Year	\$ 128,728
Prior Period Adjustments	<u>5,428</u>
Retained Earnings at End of Year	<u><u>\$ 178,714</u></u>

The accompanying notes are an integral part of these financial statements.

Housing Authority of the Town of Cottonport
Cottonport, Louisiana
Proprietary Fund Type - Enterprise Funds
Combined Statement of Cash Flows
For Fiscal Year Ended June 30, 2002

Exhibit C

Cash flows from operating activities:	
Operating Income (Loss)	\$ (216,946)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Depreciation	125,041
Prior period adjustment	5,428
(Increase) Decrease in tenants accounts receivable	17
(Increase) Decrease in accounts receivable HUD	911
(Increase) Decrease in prepaid items and other assets	518
Increase (Decrease) in accounts payable	(551)
Increase (Decrease) in accounts payable other government	(196)
Increase (Decrease) in accrued compensated absences	1,264
Increase (Decrease) in tenant security deposits	125
Net cash provided (used) by operating activities	<u>(84,389)</u>
Cash flows from noncapital financing activities	
Proceeds from federal operating grants	<u>110,614</u>
Cash flows from capital and related financing activities:	
Proceeds from federal capital grants	148,400
Purchases of Fixed Assets	<u>(148,400)</u>
Net cash provided (used) for capital and related financing activities	<u>-</u>
Cash flow from investing activities:	
Investment income (interest income)	<u>2,490</u>
Net cash provided (used) for investing activities	<u>2,490</u>
Net increase (decrease) in cash and cash equivalents	28,715
Cash and cash equivalents at beginning of year	<u>97,300</u>
Cash and cash equivalents at end of year	<u>\$ 126,015</u>

The accompanying notes are an integral part of these financial statements.

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Housing Authority of the Town of Cottonport

Cottonport, Louisiana

Notes to the Financial Statements

For Fiscal Year Ending June 30, 2002

The Public Housing Authority (the authority) was chartered as a public corporation under the laws of the State of Louisiana for the purpose of providing safe and sanitary dwelling accommodations for the residents of Cottonport, Louisiana. This creation was contingent upon the approval of the local governing body of the town. A five member Board of Commissioners governs the authority. The members, appointed by the Town of Cottonport Louisiana, serve a four year staggered term.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low rent housing programs in the United States. Accordingly, HUD has entered into an annual contributions contract with the authority for the purpose of assisting the authority in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the authority for the purpose of maintaining this low rent character.

At June 30, 2002, the authority was managing 60 units of Low Rent Public Housing under FW-652 and a Capital Fund Program.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Basis of Presentation

The accompanying financial statements of the authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

(2) Financial Reporting Entity

Codification Section 2100 has defined the governmental reporting entity to be the authority itself. The authority has a separate governing body, is legally separate, and is fiscally independent of other state and local governments.

The authority is a related organization of the Town of Cottonport, Louisiana since the town appoints a voting majority of the authority's governing board. The town is not financially accountable for the authority as it cannot impose its will on the authority and there is no potential for the authority to provide financial benefit to, or impose financial burdens on, the town. Accordingly, the authority is not a component unit of the financial reporting entity of the town.

The financial statements include all funds and activities that are within the oversight responsibility of the authority.

Certain units of local government over which the authority exercises no oversight responsibility, such as the parish police jury, school board, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the authority. In addition, the accompanying financial statements do not include various tenant associations that are legally separate entities.

(3) Fund Accounting

The authority uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds of the authority are classified as proprietary fund type – enterprise funds. Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator.

(4) Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred.

(5) Budgetary Data

The authority is required by its HUD Annual Contributions Contract to adopt annual budgets for the Low Rent Housing Program and the Section 8 Programs. Annual budgets are not required for modernization and drug elimination grants as their budgets are approved for the length of the project. Both annual and project length budgets require grantor approval.

(6) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(7) Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in certificates of deposits and those investments with original maturities of 90 days or less. Under state law, the authority may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

(8) Investments

Investments are limited by HUD regulations, state law, and the authority's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments. If the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at fair value based on quoted market prices.

(9) Short-term Interfund Receivables and Payables

Short-term interfund loans are classified as Interprogram Due From and Due To. No eliminations have been made in the accompanying financial statements.

(10) Inventories

Inventory items are valued at cost using on a first-in first-out (FIFO) basis. Any difference between cost and market is deemed immaterial. The authority uses a periodic inventory system and accounts for inventory using the purchase method.

(11) Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid expenses generally consist of prepaid insurance.

(12) Fixed Assets

Fixed assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value) using the straight-line method. Donated capital assets are recorded at their estimated fair value at the date of donation. The capitalization limit is \$5,000. Estimated useful lives, in years, for depreciable assets are as follows:

Leasehold Improvements	10 Years
Buildings	10 Years

Housing Authority of the Town of Cottonport
Cottonport, Louisiana
Notes to the Financial Statements, 2002 – Continued

Building Improvements	10 Years
Non-dwelling Structures	10 Years
Equipment	3-7 Years

Interest costs during construction have not been capitalized. Infrastructure such as parking lots and sidewalks are included in leasehold improvements. All land and buildings are encumbered by a Declaration of Trust in favor of the United States of America as security for obligations guaranteed by the government and to protect other interests of the government.

(13) Compensated Absences

Employees may accumulate an unlimited number of annual and sick leave hours. Depending on their length of service, employees receive payment for up to 300 annual leave hours upon termination or retirement at their then current rate of pay. Employees are not compensated for unused sick leave. The cost of current leave privileges, computed in accordance with GASB Codification Section C60 is recognized as a current year expense when leave is earned.

NOTE B – CASH AND CASH EQUIVALENTS

At June 30, 2002, the authority has cash and cash equivalents (book balances) in interest-bearing demand deposits totaling \$126,015.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2002, the authority has \$130,309 in deposits (bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$30,309 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the authority that the fiscal agent has failed to pay deposited funds upon demand.

NOTE C – SEGMENT INFORMATION

The Low Rent Public Housing Fund accounts for the federal grant received from HUD to provide and operate cost-effective, decent, safe and affordable dwellings for lower income families.

The Capital Fund accounts for the federal grant received from HUD for the development, financing and modernization of public housing developments and for management improvements.

Selected segment information for the year ended June 30, 2002 follows:

	Low Rent Public Housing Fund	Capital Fund
Operating Revenues	\$65,327	\$ -
Depreciation	125,041	-
Operating Income (Loss)	(216,901)	(45)
Operating Grants	87,626	22,988
Interfund Transfers In	22,943	-
Interfund Transfers Out	-	(22,943)
Net Income (Loss)	(103,842)	148,400
Fixed Asset Additions	-	148,400
Fixed Asset Deletions	-	-
Net Working Capital	140,809	-
Total Assets	1,179,464	161,266
Long-Term Liabilities Outstanding	-	-
Total equity	1,165,022	161,266

NOTE D - RETIREMENT PLAN

The authority provides a Simplified Employee Pension whereby the employer agrees to provide discretionary contributions to the individual retirement accounts (IRAs) of its eligible employees. During the year the authority contributed \$1,994 to employee IRAs.

NOTE E - COMPENSATED ABSENCES

At June 30, 2002, employees of the authority have accumulated and vested \$3,329 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. The leave payable is recorded in the accompanying financial statements.

*NOTE F – PRIOR PERIOD ADJUSTMENTS, EQUITY TRANSFERS, AND
CORRECTIONS OF ERRORS*

The Low Rent Public Housing program had a bad debt adjustment in the amount of \$5,428.

NOTE G – RISK MANAGEMENT

The authority is exposed to all common perils associated with the ownership and rental of real estate properties. To minimize loss occurrence and to transfer risk, the authority carries various commercial insurance policies including property, casualty, employee dishonesty, public official's liability, business auto and other miscellaneous policies. These policies are reviewed for adequacy by management annually.

NOTE H – LITIGATION AND CLAIMS

The authority is not involved in any lawsuits at June 30, 2002.

NOTE I – FEDERAL COMPLIANCE CONTINGENCIES

The authority is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refund by the entity to federal grantors and/or program beneficiaries.

Housing Authority of the Town of Cottonport
Cottonport, Louisiana
Proprietary Fund Type - Enterprise Funds - Combining Balance Sheet
As of June 30, 2002

Schedule 1

	<i>Public Housing Programs</i>		
	<i>Low Rent</i>	<i>Capital Fund</i>	<i>Total</i>
<u>Assets</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 120,775	\$ -	\$ 120,775
Cash - Tenant Security Deposits	5,240	-	5,240
Accounts Receivable - HUD Other Projects	3,514	-	3,514
Accounts Receivable - Miscellaneous	20	-	20
Accounts Receivable - Tenants Dwelling Rents	71	-	71
Allowance for Doubtful Accounts - Dwelling Rents	(7)	-	(7)
Allowance for Doubtful Accounts - Other	(1)	-	(1)
Total Receivables, Net of Allowances	\$ 3,597	\$ -	\$ 3,597
Prepaid Expenses and Other Assets	10,340	-	10,340
Inventories	15,300	-	15,300
Allowance for Obsolete Inventories	(1)	-	(1)
Total Current Assets	\$ 155,251	\$ -	\$ 155,251
Fixed Assets:			
Land	\$ 40,290	\$ -	\$ 40,290
Buildings	2,446,089	-	2,446,089
Furniture, Equipment & Machinery - Dwellings	59,797	-	59,797
Furniture, Equipment & Machinery - Administration	22,529	-	22,529
Leasehold Improvements	284,829	-	284,829
Accumulated Depreciation	(1,829,321)	-	(1,829,321)
Construction In Progress	-	161,266	161,266
Total Fixed Assets, Net of Accumulated Depreciation	\$ 1,024,213	\$ 161,266	\$ 1,185,479
Total Assets	\$ 1,179,464	\$ 161,266	\$ 1,340,730
<u>Liabilities and Equity</u>			
Liabilities:			
Current Liabilities (Payable From Current Assets):			
Accounts Payable - Other Governments	\$ 5,834	\$ -	\$ 5,834
Accrued Wage / Payroll Taxes Payable	39	-	39
Accrued Compensated Absences, Current	3,329	-	3,329
Total Current Liabilities (Payable From Current Assets)	\$ 9,202	\$ -	\$ 9,202
Current Liabilities (Payable From Restricted Assets):			
Tenant Security Deposits	\$ 5,240	\$ -	\$ 5,240
Total Liabilities	\$ 14,442	\$ -	\$ 14,442
Equity:			
Net HUD PHA Contributions	\$ 1,147,574	\$ -	\$ 1,147,574
Total Contributed Capital	\$ 1,147,574	\$ -	\$ 1,147,574
Retained Earnings (Deficit)	\$ 17,448	\$ 161,266	\$ 178,714
Total Equity	\$ 1,165,022	\$ 161,266	\$ 1,326,288
Total Liabilities and Equity	\$ 1,179,464	\$ 161,266	\$ 1,340,730

Housing Authority of the Town of Cottonport
Cottonport, Louisiana
Proprietary Fund Type - Enterprise Funds - Combining Statement of
Revenues, Expenses, and Changes In Retained Earnings
For Fiscal Year Ended June 30, 2002

Schedule 2

	<i>Public Housing Programs</i>		
	<i>Low Rent</i>	<i>Capital Fund</i>	<i>Total</i>
Operating Revenues:			
Net Tenant Rental Revenue	\$ 61,637	\$ -	\$ 61,637
Other Revenue	3,690	-	3,690
Total Operating Revenues	<u>\$ 65,327</u>	<u>\$ -</u>	<u>\$ 65,327</u>
Operating Expenses:			
Administrative Expenses	\$ 70,332	\$ 45	\$ 70,377
General Expenses	24,427	-	24,427
Ordinary Maintenance & Operation	57,136	-	57,136
Tenant Services	2,263	-	2,263
Utilities	3,029	-	3,029
Depreciation Expense	125,041	-	125,041
Total Operating Expenses	<u>\$ 282,228</u>	<u>\$ 45</u>	<u>\$ 282,273</u>
Operating Income (Loss)	<u>\$ (216,901)</u>	<u>\$ (45)</u>	<u>\$ (216,946)</u>
Non-operating Revenues (Expenses)			
Federal Grants	\$ 87,626	\$ 171,388	\$ 259,014
Investment Income	2,490	-	2,490
Total Non-operating Revenues (Expenses)	<u>\$ 90,116</u>	<u>\$ 171,388</u>	<u>\$ 261,504</u>
Income (Loss) Before Operating Transfers	<u>\$ (126,785)</u>	<u>\$ 171,343</u>	<u>\$ 44,558</u>
Operating Transfers In (Out)			
Operating Transfers In	\$ 22,943	\$ -	\$ 22,943
Operating Transfers Out	-	(22,943)	(22,943)
Total Operating Transfers In (Out)	<u>\$ 22,943</u>	<u>\$ (22,943)</u>	<u>\$ -</u>
Net Income (Loss)	<u>\$ (103,842)</u>	<u>\$ 148,400</u>	<u>\$ 44,558</u>
Add depreciation on fixed assets acquired by grants, entitlements, and shared revenues externally restricted for capital acquisitions and construction that reduces contributed capital	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Retained Earnings	<u>\$ (103,842)</u>	<u>\$ 148,400</u>	<u>\$ 44,558</u>
Retained Earnings at Beginning of Year	\$ 115,862	\$ 12,866	\$ 128,728
Prior Period Adjustments, Equity Transfers, and Correction of Errors	<u>5,428</u>	<u>-</u>	<u>5,428</u>
Retained Earnings at End of Year	<u><u>\$ 17,448</u></u>	<u><u>\$ 161,266</u></u>	<u><u>\$ 178,714</u></u>

Housing Authority of the Town of Cottonport
Cottonport, Louisiana
Schedule of Compensation Paid Board Members
For Fiscal Year Ended June 30, 2002

Schedule 3

Name of Board Member	Amount
Reece Chenevert	\$ 320
Elizabeth Dobison	240
Lester Friels	400
Peter Martin	400
Lillian Sampson (Antoine)	360
Elsie Young	<u>120</u>
Total	<u><u>\$ 1,840</u></u>

William Daniel McCaskill, CPA

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5150 Highway 22, Suite C-14

Mandeville, Louisiana 70471

Telephone 985-845-7772

Fax 985-845-1313

E-mail danny@cpaandco.com

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners

Housing Authority of the Town of Cottonport

Cottonport, Louisiana

I have audited the financial statements of the Housing Authority of the Town of Cottonport (the authority), as of and for the year ended June 30, 2002 and have issued my report thereon dated November 21, 2002. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the authority's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of

Housing Authority of the Town of Cottonport
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the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in the amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the board of commissioners, management, and for HUD. However, this report is a matter of public record and its distribution is not limited.

William Daniel McCaskill, CPA
A Professional Accounting Corporation

November 21, 2002

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
Housing Authority of the Town of Cottonport
Cottonport, Louisiana

Compliance

I have audited the compliance of the Housing Authority of the Town of Cottonport (the authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2002. The authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the authority's management. My responsibility is to express an opinion on the authority's compliance based on my audit.

I conducted my audit of compliance in accordance with: auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the authority's compliance with those requirements.

Housing Authority of the Town of Cottonport
Cottonport, Louisiana
Independent Auditor's Report
on Compliance...A-133, 2002
Page Two

In my opinion, the authority complied, in all material respects with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002.

Internal Control Over Compliance

The management of the authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of the board of commissioners, management, and for HUD. However, this report is a matter of public record and its distribution is not limited.

William Daniel McCaskill, CPA
A Professional Accounting Corporation

November 21, 2002

Housing Authority of the Town of Cottonport
Cottonport, Louisiana
Schedule of Expenditures of Federal Awards
For Fiscal Year Ended June 30, 2002

Schedule 4

<i>CFDA #</i>	<i>Name of Federal Program</i>	<i>Federal Award Expenditure</i>
14.850a	Low Rent Public Housing	\$ 87,626
14.872	Public Housing Capital Fund Program	171,388
	Total Federal Expenditures	<u>\$ 259,014</u>

Housing Authority of the Town of Cottonport **Schedule 5**
Cottonport, Louisiana
Schedule of Prior Year Audit Findings
Fiscal Year Ended June 30, 2002

Finding No. 2001-1:

- (1) Staff was not preparing work orders for repairs when residents vacated. This finding is cleared.
- (2) Two board members had children living at the housing authority as residents. This finding is cleared.
- (3) The PHA sold obsolete equipment and used the cash for petty cash type expenditures. This finding is cleared.
- (4) A former PHA staff member cashed a check for \$820.77 payable to the housing authority (for insurance proceeds) and did not deliver the cash to the housing authority for two months. This finding is cleared.

Housing Authority of the Town of Cottonport Schedule 6
Cottonport, Louisiana
Schedule of Current Audit Findings and Questioned Costs
Fiscal Year Ended June 30, 2002

Per OMB Circular A-133, Section 505(d)

1. Summary Schedule of Auditor's Results:

- i. The type of auditor's report issued was unqualified.
- ii. There were no reportable conditions required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.
- iii. There were no instances of noncompliance considered material, as defined by Government Auditing Standards, to the financial statements.
- iv. There were no reportable conditions required to be disclosed by OMB Circular A-133.
- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed no audit findings, which the auditor is required to report under Section 510(a) of OMB Circular A-133.
- vii. The major federal program is:

<u>CFDA#</u>	<u>Name of Program</u>
14.872	Public Housing Capital Fund Program

- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular A-133, Section 520(b) was \$300,000.
- ix. The auditee does not qualify as a low risk auditee under OMB Circular A-133, Section 530.

Housing Authority of the Town of Cottonport
Cottonport, Louisiana
Financial Data Schedule
For Fiscal Year Ended June 30, 2002

Schedule 7
Page 1 of 3

Line Item No	Account Description	Public Housing Programs		
		Low Rent	Capital Fund	Total
111	Cash - Unrestricted	\$ 120,775	\$ -	\$ 120,775
114	Cash - Tenant Security Deposits	5,240	-	5,240
100	Total Cash	\$ 126,015	\$ -	\$ 126,015
122	Accounts Receivable - HUD Other Projects	\$ 3,514	\$ -	\$ 3,514
125	Accounts Receivable - Miscellaneous	20	-	20
126	Accounts Receivable - Tenants - Dwelling Rents	71	-	71
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(7)	-	(7)
126.2	Allowance for Doubtful Accounts - Other	(1)	-	(1)
120	Total Receivables, Net of Allowances for Doubtful Accounts	\$ 3,597	\$ -	\$ 3,597
142	Prepaid Expenses and Other Assets	\$ 10,340	\$ -	\$ 10,340
143	Inventories	15,300	-	15,300
143.1	Allowance for Obsolete Inventories	(1)	-	(1)
150	Total Current Assets	\$ 155,251	\$ -	\$ 155,251
161	Land	\$ 40,290	\$ -	\$ 40,290
162	Buildings	2,446,089	-	2,446,089
163	Furniture, Equipment, and Machinery - Dwellings	59,797	-	59,797
164	Furniture, Equipment, and Machinery - Administration	22,529	-	22,529
165	Leasehold Improvements	284,829	-	284,829
166	Accumulated Depreciation	(1,829,321)	-	(1,829,321)
167	Construction in Progress	-	161,266	161,266
160	Total Fixed Assets, Net of Accumulated Depreciation	\$ 1,024,213	\$ 161,266	\$ 1,185,479
180	Total Non-Current Assets	\$ 1,024,213	\$ 161,266	\$ 1,185,479
190	Total Assets	\$ 1,179,464	\$ 161,266	\$ 1,340,730
321	Accrued Wage / Payroll Taxes Payable	\$ 39	\$ -	\$ 39
322	Accrued Compensated Absences	3,329	-	3,329
333	Accounts Payable - Other Government	5,834	-	5,834
341	Tenant Security Deposits	5,240	-	5,240
310	Total Current Liabilities	\$ 14,442	\$ -	\$ 14,442
350	Total Non-current Liabilities	\$ -	\$ -	\$ -
300	Total Liabilities	\$ 14,442	\$ -	\$ 14,442
504	Net HUD PHA contributions	\$ 1,147,574	\$ -	\$ 1,147,574
508	Total Contributed Capital	\$ 1,147,574	\$ -	\$ 1,147,574
511	Total Reserved Fund Balance	\$ -	\$ -	\$ -
512	Undesignated Fund Balance / Retained Earnings	\$ 17,448	\$ 161,266	\$ 178,714

Housing Authority of the Town of Cottonport
Cottonport, Louisiana
Financial Data Schedule
For Fiscal Year Ended June 30, 2002

Schedule 7
Page 2 of 3

Line Item No	Account Description	Public Housing Programs		
		Low Rent	Capital Fund	Total
513	Total Equity	\$ 1,165,022	\$ 161,266	\$ 1,326,288
				-
600	Total Liabilities and Equity	\$ 1,179,464	\$ 161,266	\$ 1,340,730
703	Net tenant rental revenue	\$ 61,637	\$ -	\$ 61,637
705	Total tenant revenue	\$ 61,637	\$ -	\$ 61,637
706	HUD PHA Grants	\$ 87,626	\$ 22,988	\$ 110,614
706.1	Capital Grants	-	148,400	148,400
711	Investment Income - Unrestricted	2,490	-	2,490
715	Other Revenue	3,690	-	3,690
700	Total Revenue	\$ 155,443	\$ 171,388	\$ 326,831
911	Administrative Salaries	\$ 38,805	\$ -	\$ 38,805
912	Auditing Fees	3,185	-	3,185
914	Compensated Absences	1,264	-	1,264
915	Employee Benefit Contributions - Administrative	5,254	-	5,254
916	Other Operating - Administrative	21,824	45	21,869
924	Tenant Services - Other	2,263	-	2,263
931	Water	82	-	82
932	Electricity	2,418	-	2,418
933	Gas	449	-	449
938	Other Utilities Expense	80	-	80
941	Ordinary Maintenance and Operations - Labor	24,006	-	24,006
942	Ordinary Maintenance and Operations - Materials and Other	12,394	-	12,394
943	Ordinary Maintenance and Operations - Contract Costs	17,445	-	17,445
945	Employee Benefit Contributions - Ordinary Maintenance	3,291	-	3,291
961	Insurance Premiums	18,501	-	18,501
962	Other General Expenses	92	-	92
963	Payments in Lieu of Taxes	5,834	-	5,834
969	Total Operating Expense	\$ 157,187	\$ 45	\$ 157,232
				-
970	Excess Operating Revenue Over Operating Expenses	\$ (1,744)	\$ 171,343	\$ 169,599
				-
974	Depreciation expense	\$ 125,041	\$ -	\$ 125,041
900	Total Expenses	\$ 282,228	\$ 45	\$ 282,273
				-
1001	Operating Transfers In	\$ 22,943	\$ -	\$ 22,943
1002	Operating Transfers Out	-	(22,943)	(22,943)
1010	Total Other Financing Sources (Uses)	\$ 22,943	\$ (22,943)	\$ -
				-
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (103,842)	\$ 148,400	\$ 44,558

Housing Authority of the Town of Cottonport
Cottonport, Louisiana
Financial Data Schedule
For Fiscal Year Ended June 30, 2002

Schedule 7
Page 3 of 3

<i>Line Item No</i>	<i>Account Description</i>	<i>Public Housing Programs</i>		
		<i>Low Rent</i>	<i>Capital Fund</i>	<i>Total</i>
	MEMO ACCOUNT INFORMATION			
1101	Capital Outlays - Enterprise Fund	-	-	-
1102	Debt Principal Payments - Enterprise Funds	-	-	-
1103	Beginning Equity	\$ 1,263,436	\$ 12,866	\$ 1,276,302
1104	Prior Period Adjustments, Equity Transfers, and Correction of Errors	5,428	-	5,428
1120	Unit Months Available	720	-	720
1121	Number of Unit Months Leased	719	-	719

Housing Authority of the Town of Cottonport
Cottonport, Louisiana
Statement and Certification of Actual Modernization Costs
For Fiscal Year Ended June 30, 2002

Schedule 8

Modernization Project Number LA-48-P071-501-00

Original Funds Approved	\$ 113,566
Less Funds Expended (Actual Modernization Cost)	<u>113,566</u>
Excess Funds Approved	<u><u>\$ -</u></u>
 Funds Disbursed	 \$ 113,566
Less Funds Expended (Actual Modernization Cost)	<u>113,566</u>
Excess Funds Disbursed	<u><u>\$ -</u></u>

The distribution of costs by project as shown on HUD Final Performance and Evaluation Report dated March 20, 2002 accompanying the Actual Modernization Cost Certificates, submitted to HUD for approval are in agreement with the PHA's records.

All modernization costs have been paid and all related liabilities have been discharged through payments.